

# EMPLOYER BULLETIN

## Instructions for Filing the Employer's Annual Report of Earnings and Related Forms

May 2006

### Introduction

This bulletin will assist you with completing the Employer's Annual Report of Earnings form and other related forms listed in the next section. Please refer to it as you complete the forms.

### Reports and forms

The reports and forms below refer to using the Annual Reporting System (ARS) unless noted. Please send us the following items:

- Employer's Annual Report of Earnings form (submitted on a diskette)
- Summary and Certification of Employer's Annual Report of Earnings form **(signed)\***
- Reconciliation of Health Insurance Contributions form\*
- Employer's Sick Leave Report form (if applicable, submitted on diskette)
- Employer's Leave of Absence Report form (if applicable, submitted on diskette)
- Sabbatical Leave Certification form (if applicable, submitted on diskette)
- Edit Report\*
- Retirement Contribution Compliance Questionnaire. The questionnaire is not created by ARS.

*\*Prepare and print these forms using the ARS. Please refer to the ARS Help System.*

*Employers filing manually with fewer than 50 contributing members are provided one copy of these forms. Please make copies of the Employer's Annual Report of Earnings form, if needed.*

Refer to Chapter 5 of the *Employer Guide* for instructions on completing these forms. Keep a copy of all forms you submit to us in the annual reporting process. If you need assistance, call our Employer Services Department at (888) 877-0890, option 1.

### Annual Reporting System

Employers with 50 or more contributing members are required to file the annual report form using the ARS. Employers with fewer than 50 contributing members may file using paper forms but are strongly encouraged to file using the ARS.

The 2006 version of the ARS software is on the enclosed CD. Use this version for filing the 2005-06 Employer's Annual Report of Earnings form. ARS users should delete version 8.0 and install the 2006 version following the instructions in the Annual Reporting System installation booklet that accompanies this bulletin.

Refer to the TRS Summary of Annual Report Documents and Annual Report Checklist on page 9 of the ARS booklet for a list of documents that are required to be submitted with the annual report form.

### Filing deadline

**August 15, 2006** is the filing deadline for the Employer's Annual Report of Earnings form. This form should be completed using the proper medium and report creditable earnings in accordance with applicable laws and rules. If your form does not conform with these requirements, it may be returned to you and will not be deemed received until it is properly corrected and returned to us. **A \$250-per-day late-filing penalty will be assessed for each day past the August 15 deadline that this form is not on file with us.** Refer to Chapter 5 of the *Employer Guide* for information about the late-filing penalty. If you are assessed a late filing penalty, the penalty will be reflected in the penalties sections of your Employer Bill.

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## Employer's Sick Leave Report

On the Employer's Sick Leave Report form, list all teachers who terminated employment during or following the 2005-06 school year. **Do not include any teacher whose sick leave was reported on a Supplementary Report.** This form allows us to record unused, uncompensated sick days from former employers throughout the teacher's career.

Sometimes districts have teachers who have been involuntarily laid off due to a reduction in force (RIF) and as of the August 15 annual report deadline, you don't know who is going to be rehired. Please complete the form based upon the information you have when filing the annual report, then if anyone is rehired or turns in their resignation after you have submitted your annual report diskette, send us a revised sick leave report.

For additional information on reporting sick leave days, please refer to Chapter 5 of the *Employer Guide*.

## Leave of Absence Report

Complete a Leave of Absence Report form for each member who was on an **unpaid** leave of absence during any portion of the 2005-06 school year. Include those on leaves under the Family Medical Leave Act (FMLA) of 1993, reductions in force (RIF), or any other type of **unpaid** leave. Only include teachers who were paid for less than 170 days.

The member may be able to purchase TRS service credit for the period during the unpaid leave of absence. Listing a member on this form allows us to notify the member of his or her right to claim the service credit. While we may need additional information, the information listed on the form allows us to begin processing the claim. Completing the form also reduces inquiries in future years when the member realizes the potential for claiming the unpaid leave of absence for optional service credit. Without the completion of this form, inquiries often are made several years after the leave occurred, resulting in a request for information from you that sometimes is decades after the leave.

## Sabbatical Leave Certification

Complete a Sabbatical Leave Certification form for each member who was granted a paid sabbatical leave of absence in accordance with the School Code (105 ILCS 5/24-6.1) for any portion of the 2005-06 school year. This section does not apply to leaves of absence granted for other reasons.

Please refer to Chapter 6 of the *Employer Guide* or the School Code for more information about sabbatical leaves.

## Reporting reminders

Reporting reminders are listed below. Refer to the *Employer Guide* for more reporting requirements and examples.

- **If a member has more than one employment type** during the 2005-06 school year, list the member *only once* on the Employer's Annual Report of Earnings form. Refer to Chapter 5 of the *Employer Guide*.
- **For substitute (S) and part-time noncontractual (H) employment types**, report only extra duties that require teacher certification. Do **not** report extra duties that do **not** require teacher certification. Refer to Chapter 3 of the *Employer Guide*.
- **Include the total number of days paid for part-time noncontractual (H) employment types** (e.g., tutors, homebound teachers). Do not enter hours. Refer to Chapter 5 of the *Employer Guide*.
- **Report each day that a member is paid Monday through Friday, regardless of the length of the day.** Do **not** convert partial days to full-day equivalents. Refer to Chapter 5 of the *Employer Guide*.
- **Sick leave days granted** to a member when the member terminates employment to increase that member's retirement credit cannot be used to establish TRS service credit. Refer to Chapter 6 of the *Employer Guide*.
- **Due to qualified plan salary limitations, we must enforce limitations of salary creditable toward a retirement benefit.** The salary limit applies only to persons first establishing membership after June 30, 1996, and is set at \$210,000 for the 2005-06 school year. Persons who first established membership prior to July 1, 1996, are not affected by the limitation. Refer to Chapter 3 of the *Employer Guide*.
- **TRS contributions and Teachers' Health Insurance Security (THIS) Fund contributions must be paid on summer earnings.** Wages for performing summer duties that require teacher certification are reportable for all active TRS members. Like the regular school term, TRS guidelines for reporting summer extra duty wages that do not require teacher certification vary depending upon the teacher's employment type. Earnings must be reported to TRS on an accrual basis. Accrual reporting requires earnings to be reported in the period in which services are performed, which may not coincide with the period in which the earnings are paid. Creditable earnings for services performed from

July 1 through June 30 should be reported on each year's Employer's Annual Report of Earnings. When a summer assignment begins in June and continues into July, the related earnings must be reported in the fiscal year in which the service was performed, regardless of when payment was actually issued to the teacher. Refer to Chapter 3 of the *Employer Guide*.

- **Members called to active military duty or active military training** will receive service credit with TRS while on active duty or training. Please complete question 9 on the Retirement Contribution Compliance Questionnaire. A TRS Employer Services Department auditor may request additional information during the review of the Employer's Annual Report of Earnings form. Refer to Chapter 5 of the *Employer Guide*.
- **If additional contributions are due** after you complete the Summary and Certification of Employer's Annual Report of Earnings form and the Reconciliation of Health Insurance Contributions form, remit the required contributions using the electronic funds transfer (EFT) program.
  - **Use option 1** of the EFT script when remitting TRS member and employer retirement contributions. Enter "2006" as the fiscal year for which you are remitting contributions and "60" for the pay period.
  - **Use option 2** of the EFT script for remitting member and employer THIS Fund contributions. Enter "2006" as the fiscal year for which you are remitting contributions and "60" for the pay period.

### **Late-payment penalty**

**July 10, 2006**, is the last day to deposit all required contributions for the 2005-06 fiscal year. Delinquent payments are subject to a late-payment penalty. The penalty assessed is the greater of

- an amount representing the interest that TRS could have earned if contributions had been received by the due date or
- \$50.

Please refer to Chapter 4 of the *Employer Guide* for more information. We will notify you of any penalty due.

### **Filing reminders**

Before you mail your annual report diskette and the required completed forms to us, please be sure to

- **sign** the Summary and Certification of Employer's Annual Report of Earnings form. On this form, you certify the accuracy of the Employer's Annual Report of Earnings and other related forms.
- **include** the Social Security numbers for all members listed on the Employer's Annual Report of Earnings form.
- **keep a copy** of the Employer's Annual Report of Earnings and all related forms submitted to us in the annual reporting process.
- **send the original of the paper copies** of the Summary and Certification of Employer's Annual Report of Earnings form, Reconciliation of Health Insurance Contributions form, Edit Report, and Retirement Contribution Compliance Questionnaire to us with your annual report diskette.
- **do not send paper copies** of the Employer's Sick Leave Report form, Leave of Absence Report forms and Sabbatical Leave Certification forms. These forms are included on the annual report diskette. Please follow the instructions in the ARS booklet for completing these forms.
- **keep your annual report information and notes readily available** until the middle of November. After we receive your Employer's Annual Report of Earnings form, an extensive review process takes place. TRS Employer Services Department auditors review all of the annual reports and complete the review process by the middle of November. Based upon telephone calls or correspondence with districts corrections to reported days paid, annual salary rates, creditable earnings, or federally funded salaries may be necessary. After all necessary corrections to an annual report are processed, you will receive a letter stating the annual report review is complete. The letter will indicate if corrections were made to the annual report. If corrections were made, you will also receive a separate report, titled Summary of Changes, listing every correction.
- **ensure** that a Member Information and Beneficiary Designation (MIBD) form has been filed with us for every new teacher listed on your annual report who has not previously participated in TRS. Once membership has been established with TRS, the MIBD form is only necessary for beneficiary designation changes.

## **Diskette shipping instructions**

ARS users should send the diskette and related forms to our Springfield office. All required documents, including the diskette, may be filed in the same envelope. A formatted diskette and media mailer are included for your use. Follow the Diskette Shipping Instructions on page 15 in the ARS booklet.

## **Address Request Report**

You may receive a Member Address Request Report after we have received and entered your annual report into our database. Teachers who do not have an address on file with us or have an invalid address will be shown on the report. Please verify the Social Security numbers are correct and then provide the addresses for the teachers. Also add the name, address, and Social Security number of any new teachers who have been hired for the 2006-2007 school year on this report. Please return the form to our Springfield office.

## **Report Difference Process**

Once a review of the Employer's Annual Report of Earnings form is complete and all necessary corrections are processed, we will calculate the amount of TRS and THIS Fund contributions due based upon the earnings reported.

We will transfer any overpayment of TRS contributions to underpayments of TRS contributions.

TRS acts as a service agent for the Illinois Department of Healthcare and Family Services for the collection of THIS Fund contributions. Because of this, we cannot process any transfers between the TRS contributions and the THIS Fund contributions.

If after any transfers of contributions an overpayment greater than \$50 exists, we will voucher the overpayment to the district.

If any amounts greater than \$50 are due to TRS, we will notify you on the Report Difference Contributions section of the monthly employer bill. For more information regarding the billing process please refer to Chapter 4 of the TRS *Employer Guide*.

## **2006-2007 Days Worked Report**

Accuracy in reporting the number of days is critical because this number is used to determine the amount of TRS service credit each member receives for the school year.

Service credit is granted for each day or partial day worked, Monday through Friday, during the school year in a position requiring teacher certification.

Many school districts have developed their own system to record and accumulate the number of days the member was paid for during the school year. School districts who do not have an automated days tracking system in place may find the enclosed **2006-2007 Days Worked Report** form useful for recording the date of each different day worked throughout the **2006-2007** year for part-time contractual, part-time noncontractual (hourly), or substitute teachers.

Please make as many copies of the form as you need. Copies can be downloaded from our Web site, [trs.illinois.gov](http://trs.illinois.gov), or call our Employer Services Department at (888) 877-0890 for additional forms.

## **Questions**

If you have questions about completing the annual report or other related forms, please call our Employer Services Department at (888) 877-0890, option 1. You may also e-mail your questions to us at [employers@trs.illinois.gov](mailto:employers@trs.illinois.gov).

## **Distribution**

Please give a copy of this bulletin to your

- district superintendent,
- payroll department, and
- personnel department.